

## Lesson 11.1 What Are Services?

### LESSON QUIZ

**Directions:** For each of the following statements, if the statement is true, write a T on the answer line; if the statement is false, write an F on the answer line.

- T   1. Services are activities that are intangible.
- T   2. The service industry is growing faster than the goods-producing industry.
- T   3. Consumers spend a greater percentage of their discretionary income on services and less on manufactured goods.
- F   4. Competition from international businesses has actually led to a decline in the number of service jobs available in the United States.
- T   5. Because people cannot physically touch a service, it is important for the marketer to focus on the benefits customers will receive from using the service.
- F   6. An advantage of services is that most can easily be distributed on the Internet.
- T   7. Because services are delivered to each customer, businesses can focus on designing a service to meet the unique needs of a target market.

**Directions:** For each of the following items, decide which choice best completes the statement. Write the letter that identifies your choice on the answer line.

- B   8. The goods-producing industry is
  - A. growing faster than the service industry
  - B. becoming more automated
  - C. hiring more employees as the industry grows
  - D. all of the above
- B   9. A service is
  - A. produced and consumed in different locations
  - B. consumed at the same time it is produced
  - C. produced and then stored until it can be consumed
  - D. produced and consumed by the customer
- C   10. Services are heterogeneous, meaning they
  - A. are consistent
  - B. cost less than tangible goods
  - C. are unique
  - D. are similar, even when produced by different suppliers

## Activity 1 • Creating an Image

**Directions:** For each of the following services, locate a print, television, radio or Internet advertisement. Identify the target market the advertisement is directed at and the unique qualities and benefits stressed in the promotion of the service. Record your answers below.

1. Wireless telephone plan  
Target market: Answers will vary.  
Promotional appeal: \_\_\_\_\_
2. Recreation or entertainment business  
Target Market: Answers will vary.  
Promotional appeal: \_\_\_\_\_
3. Automobile insurance  
Target market: Answers will vary.  
Promotional appeal: \_\_\_\_\_
4. Airline  
Target market: Answers will vary.  
Promotional appeal: \_\_\_\_\_
5. Online education for a college or university  
Target market: Answers will vary.  
Promotional appeal: \_\_\_\_\_

## Activity 2 • Service Development

**Directions:** You have decided to start a pet care business to take care of people's pets in their homes when they are out of town. Using the steps in new product development, outline the procedures you would go through to develop your service business.

*Answers will vary, but need to include a focus on a specific target market and its needs as well as designing the intangible qualities of the service to meet those needs.*

Idea Development: \_\_\_\_\_  
\_\_\_\_\_

Idea Screening: \_\_\_\_\_  
\_\_\_\_\_

Strategy Development: \_\_\_\_\_  
\_\_\_\_\_

Product Development and Testing: \_\_\_\_\_  
\_\_\_\_\_

Product Marketing: \_\_\_\_\_  
\_\_\_\_\_

Describe how planning a service is similar or different from planning a product.

Answers will vary. Students should state that the steps are the same, but service planning can be more difficult to create and test since service is intangible.

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## Lesson 11.2 Classifying Types and Evaluating Quality

### LESSON QUIZ

**Directions:** For each of the following statements, if the statement is true, write a T on the answer line; if the statement is false, write an F on the answer line.

- F   1. The development and marketing of services are the same for various types of services.
- T   2. Many not-for-profit organizations deliver services.
- T   3. The amount of customer contact a service provider has is an effective way to classify services.
- T   4. When categorizing services by the level of skill the provider possesses, services are organized into professional and nonprofessional groups.
- F   5. Service quality is defined by how comparable the quality of a company's service is to its main competitors.
- F   6. Because services are intangible, it isn't possible to set measurable standards of performance.
- T   7. One of the most important and useful indicators of customer satisfaction is repeat business.

**Directions:** For each of the following items, decide which choice best completes the statement. Write the letter that identifies your choice on the answer line.

- C   8. To develop a viable and appropriate marketing plan for a service, it is helpful for marketers to
  - A. plan the service before identifying the target market
  - B. recognize that each customer will need a different marketing plan
  - C. classify the service by type of market, organizational goals, labor intensiveness, amount of customer contact, and skill required
  - D. all of the above
- B   9. The two types of markets for services are
  - A. profit and nonprofit markets
  - B. business and individual consumers
  - C. large and small businesses
  - D. retail and wholesale markets
- C   10. Equipment-based services
  - A. are labor intensive
  - B. are tangible rather than intangible
  - C. require special attention to the location or distribution of the service
  - D. do not involve customer contact

Activity 1 • The Service Industry Continues to Change

**Directions:** The service industry in the U.S. economy is growing faster than any other segment of the economy. In order to better understand this growth, research the topic in the library or on the Internet. Use the following questions as guides for your research, but add additional information as appropriate.

- 1. What are the major changes predicted in the service industry over the next 10 years?
- 2. What type of service jobs will increase and which will decrease in terms of numbers of employees needed? What is the demand for services in the global marketplace?
- 3. What social and economic changes are affecting the type and number of service businesses?
- 4. What new technologies are emerging that may affect the type of service businesses or the delivery of services?

Summarize your findings in the following space.

*Answers will vary.*

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Activity 2 • Service Evaluation

**Directions:** Your older brother has started a mobile car washing and detailing service. Use the space below to design a form he can give to his customers so they can evaluate every aspect of the service he provides.

*Answers will vary. Important characteristics of a service should be identified using measurable performance standards.*

## Lesson 11.3 Developing a Service Marketing Mix

### LESSON QUIZ

**Directions:** For each of the following statements, if the statement is true, write a T on the answer line; if the statement is false, write an F on the answer line.

- F   1. Most services can be defined in terms of physical attributes.
- T   2. Customers pay attention to tangible elements associated with the service.
- T   3. Many services use endorsements as a promotional strategy.
- F   4. Personal selling is an effective promotional method for services since they can be easily demonstrated.
- T   5. Promotional strategies should appeal to the buying motives of the target market by stressing the benefits customers will receive.
- F   6. Setting the price for a service is relatively easy since services are unique with limited competition.
- T   7. The distribution of services is primarily concerned with having the service in a location and at a time that are convenient for the consumer.

**Directions:** For each of the following items, decide which choice best completes the statement. Write the letter that identifies your choice on the answer line.

- B   8. To be effective, promotion of a service must
  - A. be continuous
  - B. create a mental image of the performance of the service and the benefits the customer will receive
  - C. use publicity or word-of-mouth
  - D. be very low cost
- D   9. The price of a service
  - A. can be easily changed by the business
  - B. can be used to improve a businesses market position and differentiate itself from competitors
  - C. can be reduced by bundling several services
  - D. all of the above
- C   10. Distribution of a service
  - A. cannot use intermediaries since it is so perishable
  - B. always requires a location that is convenient to the customer
  - C. usually requires a short channel of distribution
  - D. must be planned by the customer

## Activity 1 • Planning Effective Day Care

**Directions:** Since more families have both parents working and there is an increasing number of single parent families, the need for day care has risen dramatically. Develop a marketing strategy for the day care center in your community that is targeting a specific group of consumers and is different from existing day care services. Be creative in the choices you make for product/service planning, pricing, promotion, and distribution but make sure they are consistent with effective services marketing. Be sure the decisions respond to the characteristics of the target market you identify.

Target Market: Answers will vary, but should describe a group with similar needs or a particular location.

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Product/Service Management: Answers will vary, but may include factors such as the following: ages; infant care; preschool education programs; after-school care provided for older children; safe, unique types of facilities, programs, and activities; qualified staff; state licensed; extended hours.

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Pricing: Answers will vary, but may include the following: competitive with other facilities in area; could be priced higher if you emphasize quality; may provide discounts for families with more than one child; unique payment plans; scholarships; cooperative plans with employers.

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Distribution: Answers will vary, but may include the following: convenient location; easy access pick-up and drop off; pick-up for after-school children; arrangements with schools to share transportation.

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Promotion: Answers will vary, but may include the following: personalized letters or other types of direct mail to the target market; billboards on the routes traveled by prospective customers; use of community publications, parent magazines, and newsletters; information in business human resources publications; endorsements from community leaders and education personnel.

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## Activity 2 • Providing Computer Security

**Directions:** You have heard many complaints from people who are upgrading to a new computer and want to sell, donate, or get rid of their older models. They are worried about the personal information and files that remain hidden on the hard drive. You have the software and skills needed to completely clean a hard drive, providing assurance to customers that they can safely dispose of the computers they no longer need. You want to start a part-time business. However, you need to let people know of your service. With this in mind, you have decided to create a one-page promotional flyer that you can distribute throughout the community.

Select the attributes of the service you want to promote. Design an attention-getting, persuasive advertisement. Include both text and graphics to convey the unique qualities and value of your service. Make sure the important elements of your marketing mix are described. If possible, use a computer to create and print your flyer, since you are trying to appeal to computer users.